



**Association of Bay Area Governments  
Bay Area Air Quality Management District  
Metropolitan Transportation Commission**

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## **Joint Policy Committee / Regional Planning Program**

### **ITEM #4**

Date: May 18, 2005

To: Joint Policy Committee

From: Regional Planning Program Director

Subject: Transit-Oriented Development (TOD) Policy for Resolution 3434 Projects

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The Metropolitan Transportation Commission (MTC) has released the final draft of its proposed Transit-Oriented Development (TOD) policy for public comment prior to consideration by the Commission's Planning and Operations Committee and then by the full Commission in June. The Joint Policy Committee (JPC) has been an active participant in the development of this policy. TOD has been on five of the eight JPC agendas since September and has been the subject of lengthy, energetic and thoughtful discussion. The JPC has also received extensive public comment on the TOD proposal.

Between now and the Commission's consideration of the policy next month, there will doubtless be a number of detailed issues raised and perhaps some opportunity to fine-tune the policy in response. There is, however, one single issue that will dominate most of the debate and will be less easy to resolve to everyone's satisfaction. That issue: does the policy go far enough or does it go too far? This Goldilocks-like question needs to be evaluated in the context of the Resolution 3434 projects to which the TOD policy applies and in the context of the region's larger objectives for compact, transit-oriented development.

In the context of the Resolution 3434 projects, you will hear arguments that the jobs and housing thresholds are too low and counter arguments that they are too high. There is no absolute truth that will settle this debate. In my view, higher thresholds than those proposed are both desirable and achievable in well-planned transit corridors. However, ideal densities are a lot more achievable if decisions about alignment, station location and land-use are made simultaneously. With respect to the Resolution 3434 projects, land-use considerations are out of sync; they come after routes and stations have been effectively fixed. The absence of synchrony leads to inevitable constraints: physical constraints (the amount of readily and appropriately developable land), community constraints (neighborhood acceptability and compatibility with existing development), and political constraints (amenability to new rules). Within this imperfect context, compromise is required. Those responsible for drafting the policy have judged that the thresholds suggested will be challenging, but that they are not so high as to prohibit success; in the end they will make a realistic and realizable difference, and that difference will be well worthwhile. I concur with those judgments.

In the context of the region's larger objectives for compact, transit-oriented development, if MTC is successful in achieving the 3434 TOD policy target, it will have re-directed about eleven percent of growth expected in the region over the next twenty-five years. Higher thresholds would raise that percentage only marginally. The region's vision (*The Smart Growth Strategy* /

*Regional Livability Footprint Project*) establishes a target of locating fifty percent of the region's growth in TOD areas, mostly at pre-existing transit stations and along pre-existing transit corridors. With the MTC Resolution 3434 policy in place, the JPC still has the daunting task ahead of developing the policy and incentives required to ensure that an additional thirty-nine percent of the region's growth is also transit-oriented. Difficult as it has been and will continue to be, TOD for the Resolution 3434 projects is the easy part of vision implementation. Resolution 3434 TOD is supported by an obvious policy lever: regional discretionary funding. For the next round of TOD initiatives there is no single natural incentive. A more complicated approach, involving multiple incentives and a great deal of voluntary collaboration, will be required.

In sum, the Resolution 3434 TOD policy, while ambitious and a clear break with the past, is only a start on a difficult journey. It is a necessary and appropriately cautious first step. However, most of the trip still lies ahead.

I RECOMMEND:

THAT the Joint Policy Committee endorse adoption by the Metropolitan Transportation Commission of the attached MTC Resolution 3434 Draft TOD Policy for Regional Transportation Expansion Projects.



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## *Memorandum*

TO: Planning and Operations Committee

DATE: May 13, 2005

FR: Executive Director

RE: Transit Oriented Development (TOD) Policy for Resolution 3434 Projects

This memorandum provides a proposed update to Resolution 3434, the Regional Transit Expansion Program, to incorporate a Transit-Oriented Development (TOD) Policy for transit expansion projects receiving regional discretionary funds. The TOD Policy is based upon a year long TOD study involving extensive stakeholder outreach. The TOD study findings and comments from the outreach process have been used to formulate key features of the policy. The draft policy is presented in Attachment A and staff requests the Committee's approval to release it for public comment and review. The final policy will be brought to this committee in June. Once adopted, satisfying the requirements of the TOD policy will be a condition for receiving regional discretionary funds in Resolution 3434.

The initial TOD policy framework was included in a draft white paper that has been widely circulated since November 2004. Since that time, our TOD study consultants—the Center for Transit-Oriented Development—have undertaken a critical analysis to determine whether the corridor-level jobs and housing thresholds in the proposed TOD policy are achievable. We have heard significant feedback that MTC should be mindful of the market demand for transit-oriented development in different corridors, particularly in less urbanized parts of the region. The revised jobs and housing thresholds proposed in the attached policy are indeed scaled to what our consultants believe is a conservative estimate of future market demand for transit-oriented housing and jobs. Attachment B depicts the results of the analysis of both land capacity and market demand for four case study corridors that demonstrates the feasibility of our proposed jobs and housing thresholds.

In April 2005, staff developed a refined set of nine key policy questions that were distributed for review to a variety of stakeholders and local government staff, members of the Joint Policy Committee, MTC's Advisory Council, and MTC's Transportation-Land Use Task Force that is comprised of transit agencies, congestion management agencies, local government planning staff, the regional agencies and a variety of interest groups. As you know, each of these issues also was discussed in detail at the April Commission workshop. Based on this outreach, staff has developed a final draft of the TOD policy for Resolution 3434 projects that incorporates the following approach to each of the nine policy issues:

### Application of the Policy

(1) Funding Leverage: The TOD policy applies to all Resolution 3434 projects with regional discretionary funds, regardless of level of funding.

(2) Type of Project: The TOD policy applies only to physical transit extensions funded under Resolution 3434 (see list of projects in Attachment A, Table 3).

### Corridor Level Thresholds

(3) Housing and Jobs Thresholds: After hearing strong support from both the Commission and members of the Joint Policy Committee, measures for both housing units and jobs are proposed for the quantitative corridor threshold with a minimum for housing units nested within the combined requirement.

(4) Affordable Housing: MTC will not require any minimum amount of affordable housing in the corridors, but will give additional numerical weight to below-market units as an incentive toward meeting the corridor level housing threshold.

(5) Landbanking: A limited form of landbanking is allowable in order to meet the corridor level thresholds for jobs and housing. For the purposes of the TOD policy, this will be limited to the conversion of existing uses only (i.e. future commercial uses that have not yet been permitted but may be converted to housing subsequent to the commercial use cannot be counted as future housing for the purposes of this policy). The conversion of any existing use must be accompanied by a specific plan (or equivalent) and the appropriate implementation mechanisms including zoning changes.

### Station Area Planning Grants

(6) Funding for Station Area Plans: Resolution 3434 corridors that do not meet the corridor-level jobs and housing threshold under existing land use conditions will be the top priority for funding. MTC will partner with the Association of Bay Area Governments (ABAG) in addition to the local transit agencies and Congestion Management Agencies (CMAs) to develop and implement the Station Area Planning Program. A pilot program for Station Area Planning Grants will be initiated in the next several months, and will be used to better define the criteria and eligibility for future funding cycles. This pilot cycle of grants will be restricted to Resolution 3434 corridors, but will include a diversity of station area planning efforts—including corridors that may or may not already meet the jobs and housing threshold—in order to gather a broad range of experience and expertise.

(7) Regional Design Guidelines: MTC will rely on existing TOD design guidelines that have already been developed by ABAG, local jurisdictions, transit agencies, the CMAs and others. MTC will work with ABAG to provide specific guidance on issues that must be addressed in the station area plans and references/information to support this effort.

(8) Parking Standards: Local jurisdictions will be required to analyze residential and commercial parking demand as part of the station area planning process and to adopt local parking standards and policies appropriate to transit-oriented development. It should be noted that MTC is about to undertake a major study of TOD-related parking policies and programs through a Caltrans-funded grant, and will provide the information, findings and recommendations to local jurisdictions.

(9) Auto-Dependent Uses: MTC will not require local jurisdictions to prohibit auto-dependent uses from the half-mile radius around the transit station, but will require local jurisdictions to adopt their own pedestrian-friendly design standards as part of the station area planning process.

A draft of MTC Resolution 3434 TOD Policy is attached for review and comment. Copies of the draft policy will be distributed to a variety of stakeholders, particularly local government staff and elected officials along the affected Resolution 3434 corridors, with comments due to MTC by Tuesday, May 31<sup>st</sup>. Since March, MTC staff has conducted significant outreach to both local elected officials and city staff in the affected corridors and continued efforts are planned for the remainder of the month.

MTC staff will bring the TOD policy back to this Committee and the Commission in June 2005 for final action.

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Steve Heminger

Attachments

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## **ATTACHMENT A**

### **MTC RESOLUTION 3434 DRAFT TOD POLICY FOR REGIONAL TRANSIT EXPANSION PROJECTS**

#### 1. Purpose

The Metropolitan Transportation Commission (MTC) is developing a set of policies and programs to improve the integration of transportation and land use in the Bay Area—including a specific policy to condition the allocation of regional discretionary transit funds under MTC’s control, provided by Resolution 3434, on supportive land use policies for station areas and corridors included in the region’s transit expansion program. This policy is designed to improve the cost-effectiveness of regional investments in new transit expansions, ease the Bay Area’s chronic housing shortage, create vibrant new communities, and help preserve regional open space. The policy will encourage transportation agencies, local jurisdictions, members of the public and the private sector to work together to create development patterns that are more supportive of transit. Project sponsors shall indicate how they will satisfy the TOD policy requirements as a condition for receiving regional discretionary transit investments under Resolution 3434.

There are three key elements of the regional TOD policy:

- (a) Corridor-level thresholds to quantify appropriate minimum levels of development around transit stations along new corridors;
- (b) Local station area plans that address future land use changes, station access needs, circulation improvements, pedestrian-friendly design, and other key features in a transit-oriented development;
- (c) Corridor working groups that bring together CMAs, city and county planning staff, transit agencies, and other key stakeholders to define expectations, timelines, roles and responsibilities for key stages of the transit project development process.

#### 2. TOD Policy Application

The TOD policy only applies to physical transit extensions funded in Resolution 3434 (see Table 3). The policy applies to any physical transit extension project with regional discretionary funds, regardless of level of funding. Resolution 3434 investments that only entail level of service improvements or other enhancements without physically extending the system are not subject to the TOD policy requirements.

### 3. Definitions and Conditions of Funding

For purposes of this policy “regional discretionary funding” consists of the following sources identified in the Resolution 3434 funding plan:

- FTA Section 5309- New Starts
- FTA Section 5309- Bus and Bus Facilities Discretionary
- FTA Section 5309- Rail Modernization
- Regional Measure 1- Rail (bridge tolls)
- Regional Measure 2 (bridge tolls)
- Interregional Transportation Improvement Program
- Interregional Transportation Improvement Program-Intercity rail
- Federal Ferryboat Discretionary
- AB 1171 (bridge tolls)
- CARB-Carl Moyer/AB 434 (Bay Area Air Quality Management District)

These regional funds may be programmed and allocated for environmental and design related work, in preparation for addressing the requirements of the TOD policy. Regional funds may be programmed and allocated for right-of-way acquisition in advance of meeting all requirements in the policy, if land preservation for TOD purposes is essential. No regional funds will be programmed and allocated for construction until the requirements of this policy have been satisfied. See Table 2 for a more detailed overview of the planning process.

### 4. Corridor-Level Thresholds

Each transit extension project funded in Resolution 3434 must plan for a minimum number of housing units and a combined number of housing units and jobs along the corridor. These corridor-level thresholds vary by mode of transit, with more capital-intensive modes requiring higher numbers of housing units and jobs (see Table 1). The corridor thresholds have been developed based on potential for increased transit ridership, exemplary existing stations sites in the Bay Area, local general plan data, predicted market demand for TOD-oriented housing and jobs in each county, and an independent analysis of feasible development potential in each transit corridor.

- Meeting the corridor level thresholds requires that—within a half mile of all stations—a combination of existing land uses and planned land uses meets or exceeds the overall corridor threshold for housing and jobs (see Table 1);
- Physical transit extension projects that do not currently meet the corridor thresholds with development that is already built will receive the highest priority for the award of MTC’s Station Area Planning Grants.
- To be counted toward the threshold, planned land uses must be adopted at a minimum through both general plans and zoning codes. General plan language alone without zoning changes is not sufficient for the purposes of this policy. Ideally, planned land uses will be formally adopted through a specific plan (or equivalent), zoning codes and general plan

amendments along with an accompanying programmatic Environmental Impact Report (EIR) as part of the overall station area planning process.

- An existing end station is included as part of the transit corridor for the purposes of calculating the corridor thresholds;
- New below-market housing units will receive a 20 percent bonus toward meeting the corridor threshold (i.e. one planned below-market housing unit counts for 1.2 housing units for the purposes of meeting the corridor threshold. Below market for the purposes of the Resolution 3434 TOD policy is affordable to 60% of area median income for rental units and 100% of area median income for owner-occupied units);
- The local jurisdictions in each corridor will determine the job and housing placement, type, density, design, etc.

**TABLE 1: CORRIDOR THRESHOLDS  
HOUSING UNITS AND JOBS – AVERAGE PER STATION AREA**

Project Type Threshold	BART	Light Rail	Bus Rapid Transit	Commuter Rail	Ferry
Combined Housing Units and Jobs Threshold	13,000	8,000	6,000	5,000	1,500
Housing Unit Minimum	(3,500)	(3,000)	(2,500)	(2,000)	(300)

*Each corridor is evaluated for the Combined Housing Units and Jobs Threshold. The Housing Minimum indicates the minimum portion of the total threshold that must be met through housing. Either housing units or jobs may be used to satisfy the remainder of the combined threshold.*

*For example, a four station commuter rail extension (including the existing end-of-the-line station) would be required to meet a corridor-level threshold of 20,000 jobs and housing units. The corridor must meet this threshold with a minimum of 8,000 housing units – the difference can be made up with either 12,000 housing units or jobs or a combination of both.*

*Threshold figures above are an average per station area based on both existing land uses and planned development within a half mile of all stations. New below market rate housing is provided a 20% bonus towards meeting housing unit threshold.*



It is essential to note that developing vibrant transit villages and quality transit-oriented development throughout the region—and building places that people will want to live, work, shop and spend time in—will not be accomplished simply through more housing and jobs. Parks, shops, neighborhood services, street design, block size, parking policies and design features that enhance community character are all critical elements of creating successful transit-oriented developments. MTC believes that these are issues that are best addressed locally on a station-by-station basis as part of the proposed Station Area Plan process.

### 5. Station Area Plans

Each proposed transit project seeking funding through Resolution 3434 must demonstrate that the thresholds for the corridor are met through existing development and adopted station area plans that commit local jurisdictions to a level of housing and jobs that meets the threshold. This requirement may be met by existing station area plans accompanied by appropriate zoning and implementation mechanisms. If new station area plans are needed to meet the corridor threshold, MTC will assist in funding the plans. The Station Area Plans shall be conducted by local governments in coordination with transit agencies, Association of Bay Area Governments (ABAG), Metropolitan Transportation Commission (MTC) and the Congestion Management Agencies (CMAs).

At a minimum, Station Area Plans will define both the land use plan for the area as well as the policies—zoning, design standards, parking policies, etc.—for implementation. The plans shall at a minimum include the following elements:

- Current and proposed land use by type of use and density within the ½ mile radius, with a clear identification of the number of existing and planned housing units and jobs;
- Station access and circulation plans for motorized, non motorized and transit access;
- Transit ridership estimates and estimates of patrons walking from the station area to the station itself;
- Design policies and standards, including provisions for mixed use developments and pedestrian-scaled block size, to promote the livability and walkability of the station area;
- Analysis of future TOD-related parking demand and parking requirements for station area land uses, including pricing and provisions for shared parking;
- Implementation plan for the station area plan, including local policies required for development per the plan, market demand for the proposed development, potential phasing of development and demand analysis for proposed development.

MTC will rely on existing TOD design guidelines that have already been developed by ABAG, local jurisdictions, transit agencies, the CMAs and others. MTC will work with ABAG to provide more specific guidance on the issues listed above that must be addressed in the station area plans and references and information to support this effort.

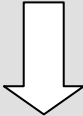
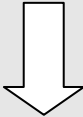
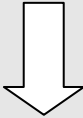
## 6. Corridor Working Groups

Each of the transit extensions subject to the corridor threshold process, as identified in Table 3, will need a Corridor Working Group—many already have a working group that may be adjusted to take on this role. The Corridor Working Group shall be coordinated by the relevant CMAs, and will include the sponsoring transit agency, the local jurisdictions in the corridor, and representatives from ABAG, MTC, and other parties as appropriate.

The Corridor Working Group will assess whether the planned level of development satisfies the corridor threshold as defined for the mode, and assist in addressing any deficit in meeting the threshold by working to identify opportunities and strategies at the local level. This will include the key task of distributing the required housing units and jobs to each of the affected station sites within the defined corridor.

The goal of the Corridor Working Group is to connect the development of station area planning with the development of the transit project—creating transit stations that strengthen local communities and promote local development patterns that effectively support the transit system. As outlined in Table 2, the Corridor Working Group will continue with corridor evaluation and station area planning until the corridor threshold is met and supporting Station Area Plans are adopted by the local jurisdictions.

MTC will confirm that each corridor meets the jobs and housing threshold prior to the release of regional discretionary funds for construction of the transit project.

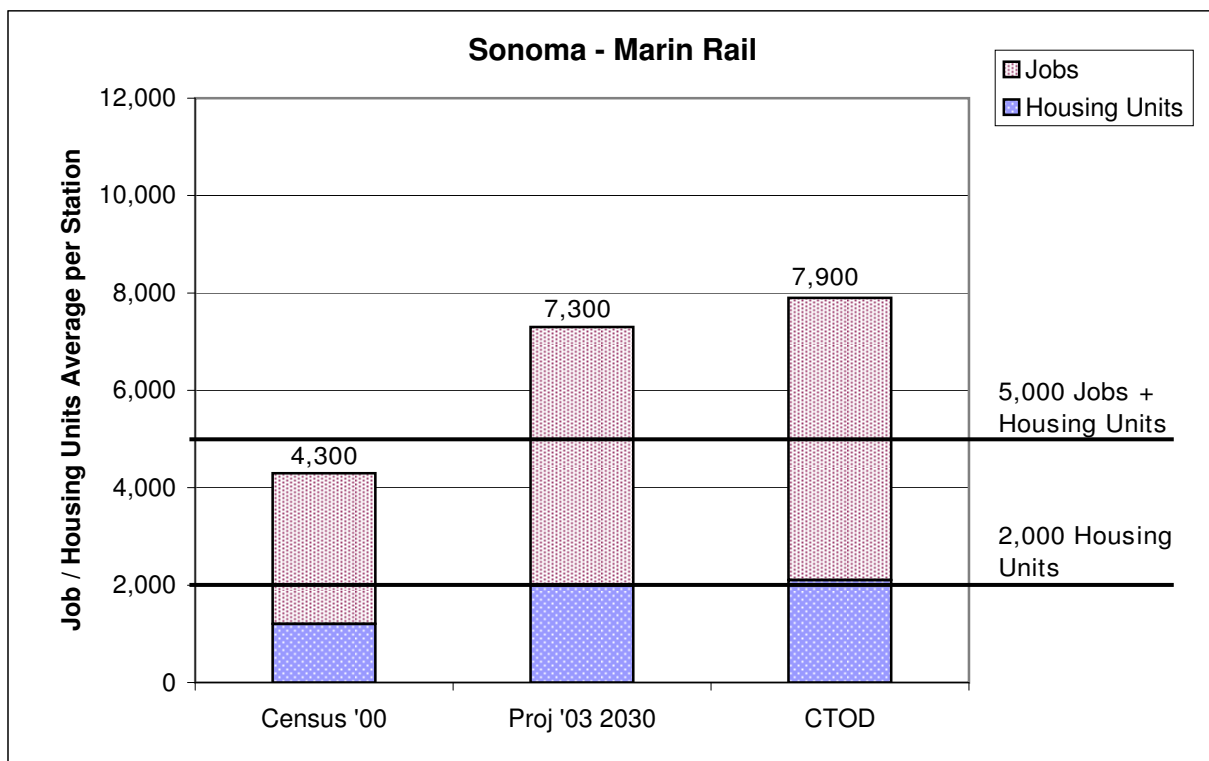
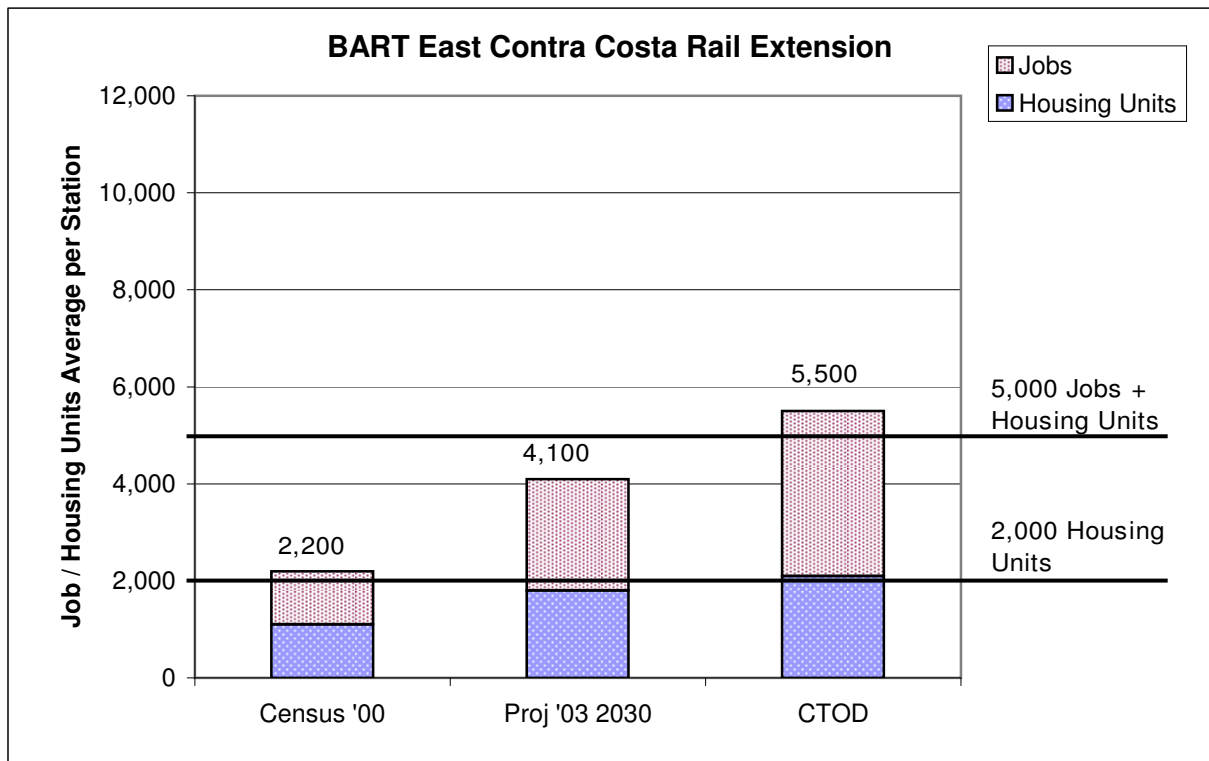
<b>TABLE 2:                      REGIONAL TOD POLICY IMPLEMENTATION PROCESS                      FOR TRANSIT EXTENSION PROJECTS</b>		
<b>Transit Agency Action</b>	<b>City Action</b>	<b>MTC/CMA/ABAG Action</b>
<i>All parties establish Corridor Working Group to address corridor threshold. Conduct initial corridor performance evaluation, coordinate station area planning</i>		
		
<b>Environmental Review/ Preliminary Engineering /Right-of-Way</b>	Conduct Station Area Plans	Coordination of corridor working group, funding of station area plans
<i>Step 1 Threshold Check: (a) corridor has sufficient existing development or current plans in place to meet the corridor development thresholds; If not then (b) Station Area Plans are completed by the time the environmental document is certified.</i>		
		
<b>Final Design</b>	Adopt Station Area Plans. Revise general plan policies and zoning, environmental reviews	Regional and county agencies assist local jurisdictions in implementing station area plans
<i>Step 2 Threshold Check: (a) local policies adopted for station areas; (b) implementation mechanisms in place per adopted Station Area Plan by the time Final Design is completed.</i>		
		
<b>Construction</b>	Implementation (financing, MOUs) Solicit development	TLC planning and capital funding, HIP funding

**TABLE 3:**  
**Resolution 3434 Transit Extension Projects Subject to Corridor Thresholds**

<b>Project</b>	<b>Sponsor</b>	<b>Type</b>
BART East Contra Costa Rail Extension	BART/CCTA	Commuter Rail
BART Fremont to San Jose	BART/VTA	BART extension
AC Transit Berkeley/Oakland/San Leandro Bus Rapid Transit: Phase 1	AC Transit	Bus Rapid Transit
Caltrain Downtown Extension/Rebuilt Transbay Terminal	TJPA	Commuter Rail
MUNI Third Street LRT Project Phase 2 – New Central Subway	MUNI	Light Rail
Sonoma-Marin Rail	SMART	Commuter Rail
Dumbarton Rail	SMTA, ACCMA, VTA, ACTIA, Capitol Corridor	Commuter Rail
BART/ Oakland Airport Connector	BART	BART
Expanded Ferry Service Phase 1: Berkeley, Alameda/Oakland/Harbor Bay, and South San Francisco to SF	WTA	Ferry
Expanded Ferry Service Phase 2: Alameda to South San Francisco, and Hercules, Antioch, Treasure Island, Redwood City and Richmond to SF.	WTA	Ferry

*Note: The Downtown San Jose/East Valley: Santa Clara/Alum Rock Corridor and Capitol Expressway LRT Extension is a Resolution 3434 transit extension project that is currently funded entirely with local funds. The TOD policy would only apply to this project if the project sponsor requested any regional discretionary funds.*

## ATTACHMENT B



## ATTACHMENT B (continued)

